

October 12, 2003

# Montana Medicaid Notice

## School Based Services Providers

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### CSCT Services

This memorandum is provided to advise you of an important change in procedural policy regarding Medicaid payments for CSCT services and to remind districts about certain responsibilities under CSCT. The policy change and this reminder of responsibilities are not intended to discourage district participation in CSCT services. This is a very popular and effective program that is addressing important needs of children and districts. The memorandum is solely intended to alert districts that certain provisions of CSCT services require due vigilance.

For schools involved in CSCT, the program brings certain responsibilities under Medicaid that are significantly different than the Medicaid responsibilities for Special Education-related services provided under an individualized education plan (IEP). For example, Medicaid billable services provided under an IEP are not subject to the Medicaid "free care rule." Furthermore, the required match for IEP-provided services is based on the trustees' financial summary report utilizing Special Education expenditures that are documented and maintained at the state level. This greatly simplifies the process for certifying match.

In contrast, CSCT services are permitted for students without disabilities (i.e., CSCT services do not require an IEP for a student to be eligible for the service). As a result, Medicaid provisions of the "free care rule" apply and each district must document its own Medicaid match. What this means for districts follows:

### Free Care Rule

Medicaid requires that all persons must be billed for CSCT services, not only Medicaid—if it's free to non-Medicaid children, then it's free for all children. Further, CSCT services must be made available to children that meet criteria for that service, not just because a child has Medicaid. (Parents can voluntarily elect not to access services.) Districts should monitor very carefully their compliance with the free care rule. Violation of the free care rule can result in a payback to Medicaid of payments for services provided after a free care rule violation.

Schools are responsible for responding to the Surveillance and Utilization Review Section (SURS) audits that may be completed when a possible problem with billing or payments is found. In the event of an adverse audit finding, the districts (not the provider) will be held responsible by Medicaid for any required payback. Many districts have entered into a contract with one or more private Mental Health Center providers for the provision of CSCT services. Often, these contracts include an indemnification clause obligating the provider to compensate the district for any payback that occurs as a result of violations of the provider's implementation of the standards for

the free care rule. We would encourage districts to carefully review the contract provisions containing the indemnification clause. More information on the procedural requirements for the free care rule, including information on implementation of a sliding fee schedule, can be found in the Medicaid provider manual for schools.

## **Medicaid Match**

Schools are responsible for annually certifying the state portion of the Medicaid funds paid for CSCT services when those services are not written into a child's IEP. Each district must separately maintain documentation that verifies that its expenditures of state and local general funds in the provision of CSCT services are sufficient to meet the Medicaid match requirement. This match must come from nonfederal sources. State Special Education funds and federal funds cannot be used for purposes of Medicaid match. The current federal Medicaid matching rate is 75.91 percent. In other words, for every 76 cents a district receives, the district must match 24 cents. The following formula will assist districts in calculating the district's match obligation. (Medicaid payment for CSCT services) / .7591 = (subtotal) x .2409 = Local District match.)

The annual certification of match will be due at the end of December of each year. We realize providers have 12 months in which to bill services. However, we do ask that schools try to have their CSCT billings completed by the end of each school year. This is necessary so the Department has most of the CSCT services billed to Medicaid at that time in order to determine the amount of match schools will be responsible for. Conservatively, CSCT services may be reimbursed by federal Medicaid funds upwards of \$200,000 per school year per program. This means that a school would have to certify they had \$63,470 of expenditures to cover the district costs associated with these CSCT services. Insufficient match will result in a payback to DPHHS by the school.

Effective immediately, all payments for CSCT services will be made to the school district. Schools will no longer be able to assign payment from Medicaid directly to the Mental Health Center provider. The purpose for this change in policy is to ensure: 1) districts are fully aware of the amount of federal Medicaid funds generated by their CSCT provider(s) to allow districts to determine their obligation for match; and 2) control variables are in place to account for district revenue and expenditures. A CSCT guide will be provided in the near future to the schools.

## **Contact Information**

If you have questions concerning issues surrounding Medicaid payments or the Montana Medicaid refinance project for school-based services, please contact Michelle Gillespie at 444-4406 or Bob Runkel at 444-4429.

For more information, visit the Provider Information website:

**<http://www.mtmedicaid.org>**